

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

Central City II, located at 2512 – 2516 H Street, 917 38th Street, 600 I Street in Sacramento, requested and is being recommended for a reservation of \$3,579,203 in annual federal tax credits to finance the acquisition & rehabilitation of 179 units of housing serving tenants with rents affordable to households earning 40%-60% of area median income (AMI). The project will be developed by Sacramento Housing Authority Repositioning Program, Inc. (SHARP) and is located in Senate District 6 and Assembly District 7.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number	CA-22-631	
Project Name	Central City II	
Site Address:	<u>Site 1</u> 2512-2516 H Street Sacramento, CA 95816 County: Sacramento	<u>Site 2</u> 917 38th Street Sacramento, CA 95814 County: Sacramento
	<u>Site 3</u> 600 I Street Sacramento, CA 95814 County: Sacramento	
Census Tract:	14.00, 15.00, 7.00	

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,579,203	\$0
Recommended:	\$3,579,203	\$0

Applicant Information

Applicant:	RVP Group, LP
Contact:	James Shields, President
Address:	801 12th Street Sacramento, CA 95814
Phone:	(916) 444-9120
Email:	jshields@shra.org

General Partner(s) or Principal Owner(s): Sacramento Housing Authority Repositioning Program, Inc.
 General Partner Type: Nonprofit
 Parent Company(ies): Sacramento Housing Authority Repositioning Program, Inc.
 Developer: Sacramento Housing Authority Repositioning Program, Inc.
 Bond Issuer: Sacramento Housing Redevelopment Agency
 Investor/Consultant: Enterprise Community Investment, Inc.
 Management Agent: Housing Authority of the City of Sacramento

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 7
 Total # of Units: 183
 No. / % of Low Income Units: 179 99.44%
 Federal Set-Aside Elected: 20%/50%
 Federal Subsidy: Tax-Exempt/ HUD Section 8 Project-based Vouchers (180 Units - 100%)

Information

Housing Type: Non-Targeted
 Geographic Area: Capital Region
 CTCAC Project Analyst: Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
40% AMI:	59	33%
50% AMI:	62	35%
60% AMI:	58	32%

Unit Mix

182 1-Bedroom Units
<u>1 2-Bedroom Units</u>
183 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
41 1 Bedroom	40%	\$760
41 1 Bedroom	50%	\$950
41 1 Bedroom	60%	\$1,140
9 1 Bedroom	40%	\$760
2 1 Bedroom	50%	\$873
9 1 Bedroom	50%	\$950
9 1 Bedroom	60%	\$1,140
9 1 Bedroom	40%	\$760
2 1 Bedroom	50%	\$873
8 1 Bedroom	50%	\$950
8 1 Bedroom	60%	\$1,140
2 1 Bedroom	Manager's Unit	\$0
1 2 Bedrooms	Manager's Unit	\$0
1 1 Bedroom	Market Rate Unit	\$1,274

Project Cost Summary at Application

Land and Acquisition	\$29,106,000
Construction Costs	\$0
Rehabilitation Costs	\$29,232,516
Construction Hard Cost Contingency	\$3,507,902
Soft Cost Contingency	\$162,556
Relocation	\$2,254,730
Architectural/Engineering	\$2,311,829
Const. Interest, Perm. Financing	\$5,094,778
Legal Fees	\$200,000
Reserves	\$846,523
Other Costs	\$850,754
Developer Fee	\$6,701,981
Commercial Costs	\$0
Total	\$80,269,569

Residential

Construction Cost Per Square Foot:	\$183
Per Unit Cost:	\$438,632
True Cash Per Unit Cost*:	\$274,236

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank (Tranche A)	\$40,559,601	Citibank	\$15,982,861
SHRA - Seller Carryback	\$27,522,376	SHRA - Seller Carryback	\$27,522,376
Accrued Interest	\$722,462	Cash Flow During Construction	\$867,579
Tax Credit Equity	\$3,162,199	Accrued Interest	\$1,186,902
		Cash Proceeds Note	\$650,880
		Deferred Developer Fee	\$2,561,981
		Tax Credit Equity	\$31,496,990
		TOTAL	\$80,269,569

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$46,131,970
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$30,395,580
Applicable Fraction:	99.44%
Qualified Basis (Rehabilitation):	\$59,638,386
Qualified Basis (Acquisition):	\$30,226,716
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Acquisition:	\$1,209,069
Total Maximum Annual Federal Credit:	\$3,579,203
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,701,981
Investor/Consultant:	Enterprise Community Investment, Inc.
Federal Tax Credit Factor:	\$0.88000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions:

This project involves the substantial rehabilitation of 3 scattered-site buildings originally constructed in the 1980s in the city of Sacramento.

Upon completion of initial lease-up and stabilization, if any units are leased with market rate units, the applicable fraction shall be calculated excluding the market rate units. The project shall be considered a mixed use project.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.